

To the Audit Committee  
Leon County Research and Development Authority

We are pleased to present this report related to our audit of the financial statements of Leon County Research and Development Authority (the Authority) as of and for the year ended September 30, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

<b>Area</b>	<b>Comments</b>
<b>Our Responsibilities With Regard to the Financial Statement Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States have been described to you in our arrangement letter dated October 15, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We discussed with members of the Audit Committee and the Authority's management various matters about which generally accepted auditing standards require communication. These include matters concerning two-way communication, our independence, the audit planning process, the concept of materiality in planning and executing the audit, our approach to internal control relevant to the audit, and the timing of the audit.
<b>Accounting Policies and Practices</b>	<b>Adoption of, or Change in, Accounting Policies</b> Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

<b>Area</b>	<b>Comments</b>
<b>Accounting Policies and Practices</b>	<b>Significant or Unusual Transactions</b> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>
<b>Management's Judgments and Accounting Estimates</b>	<p>Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include:</p> <ul style="list-style-type: none"><li>• Allowance for uncollectible accounts</li><li>• Pension liabilities</li><li>• The allocation of certain maintenance expenses and common area maintenance fees. The Authority has established through lease agreements with specific tenants that certain maintenance costs incurred by the Authority may be allocated and billed to the tenants. In addition, the Authority calculates an annual charge to the tenants for common area maintenance fees based on actual costs incurred during the year.</li><li>• Amortization of capitalized fees.</li><li>• Useful lives used to calculate depreciation of capital assets.</li></ul> <p>The Audit Committee may wish to monitor throughout the year the process used to determine and record these accounting estimates.</p>

<b>Area</b>	<b>Comments</b>
<b>Audit Adjustments</b>	There were no audit adjustments proposed during the audit.
<b>Uncorrected Misstatements</b>	There were no uncorrected misstatements that management determined to be immaterial.
<b>Disagreements With Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
<b>Consultations With Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed With Management</b>	No significant issues arising from the audit were discussed or the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	We did not encounter any significant difficulties in dealing with management during the audit. We received full cooperation and appreciate the assistance provided by the Authority's financial and accounting personnel.
<b>Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting</b>	We have separately communicated any significant deficiencies and material weaknesses in internal control over financial reporting identified during our audit of the financial statements as required by <i>Government Auditing Standards</i> . This communication is included in the Other Reports section of the financial statements.

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<u>Area</u>	<u>Comments</u>
<b>Significant Written Communications Between Management and Our Firm</b>	See Exhibit A for a copy of the representation letter provided to us by the Authority's management.

This report is intended solely for the information and use of the Audit Committee and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this letter. We appreciate the opportunity to continue to be of service to Leon County Research and Development Authority.

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
February 23, 2021



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February 23, 2021

Thomas Howell Ferguson P.A.  
2615 Centennial Boulevard, Suite 200  
Tallahassee, Florida 32308

This representation letter is provided in connection with your audits of the basic financial statements of Leon County Research and Development Authority (the Authority) as of and for the years ended September 30, 2020 and 2019 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter:

*Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated October 15, 2020, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with Leon County, Florida, the primary government having accountability for the Authority, other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and jointly governed organizations in which the Authority participates, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the

transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements: Guarantees, whether written or oral, under which the Authority is contingently liable.
  - a. Agreements to repurchase assets previously sold.
  - b. Security agreements in effect under the Uniform Commercial Code.
  - c. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
  - d. All other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
  - e. All liabilities that are subordinated to any other actual or possible liabilities of the Authority.
  - f. All leases and material amounts of rental obligations under long-term leases.
  - g. Authorized but unissued bonds and/or notes.
  - h. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
  - i. Debt issue provisions.
  - j. Risk financing activities.
  - k. The fair value of investments.
  - l. Derivative financial instruments.
  - m. Deposits and investment securities categories of risk.
  - n. Arbitrage rebate liabilities.
  - o. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.
  - p. Impairment of capital assets.
  - q. Net positions and fund balance classifications.
  - r. All significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
9. With respect to financial statement preparation and maintenance of depreciation schedule services performed in the course of the audit:

- a. We have made all management decisions and performed all management functions;
  - b. We assigned an appropriate individual to oversee the services;
  - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
  - d. We have accepted responsibility for the results of the services; and
  - e. We have accepted responsibility for all significant judgments and decisions that were made.
10. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
11. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
12. We have no knowledge of any uncorrected misstatements in the financial statements.

*Information Provided*

13. We have provided you with:
- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audits;
  - c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence; and
  - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
14. All transactions have been recorded in the accounting records and are reflected in the financial statements.
15. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
16. We have no knowledge of allegations of fraud or suspected fraud affecting the Authority's financial statements involving:
- a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.

17. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
18. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.
20. We have disclosed to you the identity of the Authority's related parties and all the related-party relationships and transactions of which we are aware.
21. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize, and report financial data.
22. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
23. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
  - a. The Authority has no significant amounts of idle property and equipment or property or equipment.
  - b. The Authority has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
24. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
  - a. To reduce receivables to their estimated net collectable amounts.
  - b. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
  - c. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through September 30, 2020 and/or for expected retroactive insurance premium adjustments applicable to periods through September 30, 2020.
  - d. For pension obligations, post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through September 30, 2020.
25. There are no:
  - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.

- b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
  - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
26. The Authority has satisfactory title to all owned assets.
27. Net positions invested in capital assets, net of related debt; restricted; and unrestricted and fund balances are properly classified and, when applicable, approved.
28. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
29. Revenues are appropriately classified in the statements of activities within program revenues and general revenues and contributions to term or permanent endowments, or contributions to permanent fund principal.
30. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
31. We agree with the findings of the specialists in evaluating the pension liability for the Florida Retirement System and Health Insurance Subsidy Program and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
32. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
33. With respect to Management's Discussion and Analysis and the pension liability and contribution schedules presented as required by Governmental Accounting Standards Board to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.

### *Compliance Considerations*

In connection with your audit conducted in accordance with Government Auditing Standards, we confirm that management:

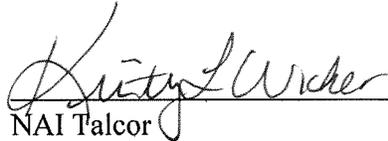
34. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
35. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
36. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
37. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
38. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
39. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
40. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
41. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
42. Has a process to track the status of audit findings and recommendations.
43. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
44. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
45. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Leon County Research and Development Authority



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Ronald J. Miller, Jr.  
Executive Director



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NAI Talcor  
Kristy Wicker, CPA  
Director of Property Management Accounting